

# Research Markets Today

19 March 2026

## Events round-up

NZ: Current a/c bal. (ann % of GDP), Q4: -3.7 vs. -3.4 prev.

US: PPI ex food, energy (m/m%), Feb: 0.5 vs. 0.3 exp.

US: PPI ex food, energy (y/y%), Feb: 3.9 vs. 3.7 exp.

CA: Bank of Canada policy rate (%), Feb: 2.25 vs. 2.25 exp.

US: Fed Funds (upper bound %), Feb: 3.75 vs. 3.75 exp.

## Good morning

Global equity indices declined and oil prices jumped after explosions in the world's largest gas field ahead of the Federal Reserve's interest-rate decision. Brent crude prices increased to \$110 a barrel, reversing an earlier decline, after Israel struck Iran's South Pars gas field, which Tehran shares with Qatar. Treasury yields increased as producer prices accelerated and the US dollar gained set against the weak risk backdrop with NZD dipping below 0.5820 before recovering. The CAD was little changed after the Bank of Canada kept rates steady with oil sensitive currencies outperforming.

Oil and European natural gas jumped as traders priced a fresh escalation risk in the Iran war after Tehran said Gulf energy assets could be targeted in retaliation for a US and Israeli strike on the South Pars gas field and related facilities. The moves in energy markets reflect fears of broader regional supply disruptions and a slower return to normal flows even once the Strait of Hormuz reopens.

The FOMC left rates unchanged at 3.75% which was unanimously expected by economists and fully discounted by market pricing. It was not a consensus decision. As in January, Governor Miran dissented in favour of a 25bp cut. However, Governor Waller who advocated for a cut in January voted with the majority to leave rates unchanged. The statement was little changed from January but acknowledged the uncertain impact for the US economy from the Iran war. The FOMC noted the unemployment rate has been little changed in recent months and that inflation remains somewhat elevated.

The dot plot shows the median FOMC participant expects to cut rates by a 25bp this year, unchanged from January. The median dot projects a further 25bp of easing in 2027, aligning with analysts' estimates. The updated Summary of Economic Projections show policy makers have slightly

increased growth and inflation forecasts. The US economy is expected to grow 2.4% this year compared with a 2.3% forecast at the December FOMC. Core PCE inflation projections increased to 2.7% from 2.5%.

In the accompanying press conference, Fed Chair Powell said the Fed sees the current policy stance as appropriate. He noted that although near term inflation expectations have risen, longer-term inflation expectations remain consistent with the central bank's goal. He said that previous rate cuts should help stabilise the labour market. Powell also noted it is too soon to know the full economic impact from the Middle East and higher energy prices.

There was limited immediate impact on markets following the Fed's rate decision. Market pricing continues to imply close to 25bp of easing this year. Treasury yields retraced from the session highs though this corresponded with a pullback in oil prices. 10-year notes settled around 4.22%. The US dollar maintained its earlier gains against G10 currencies although absolute moves were not large. US equities remained lower with the S&P down close to 0.5% in afternoon trading.

US producer prices surprised to the upside in February, with core PPI rising 0.5% m/m (3.9% y/y). The stronger print points to a ~0.4% lift in the core PCE deflator for the month. Meanwhile, the Iran conflict-driven oil-price surge adds near-term upside risk to inflation, though energy prices are unlikely to remain at these elevated levels indefinitely.

The Bank of Canada held its policy rate at 2.25%, signalling it's prepared to look through any near-term oil-driven inflation but won't hesitate to respond if energy costs start feeding into broader, persistent price pressures. Governor Macklem said spare capacity should help contain second-round effects for now, while warning growth risks are skewed to the downside. The central bank noted it is still too early to quantify the impact from the Iran conflict ahead of updated quarterly forecasts next month.

There was a decent rally for NZ fixed income in the local session yesterday reflecting the improved tone in offshore markets. 2-year swap rates closed at 3.27%, 5bp lower on the day and 12bp below recent 3.39% peak. Market pricing implies around 50bp of tightening by the RBNZ this year, down from 60bp earlier in the week. 10-year swap rates declined 6bp to 4.24% marginally underperforming relative

to the government curve. NZ Debt Management will auction May-31 (\$250m), Apr-33 (\$150m) and May-41 (\$50m) lines today alongside a small parcel of Sep-35 linkers.

NZ December quarter GDP is released this morning. We forecast a 0.3% expansion which is below the RBNZ's 0.5% projection from February. In Australia, labour market data is expected to show the unemployment rate remained at 4.1% which will do little to ease the RBA's concerns around labour market tightness. The Bank of Japan, European Central Bank and Bank of England are all expected to leave rates unchanged. Markets will focus on how central banks factor geopolitics into the policy outlook.

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### Coming up

		Period	Cons.	Prev.	NZT
NZ	GDP (y/y%)	4Q	1.7	1.3	10:45
NZ	GDP SA (q/q%)	4Q	0.5	1.1	10:45
AU	Employment Change	Feb	20	17.8	13:30
AU	Unemployment Rate	Feb	4.1	4.1	13:30
UK	Private Earnings ex Bonus 3M ann	Jan	3.5	3.4	20:00
UK	ILO Unemployment Rate 3Mths	Jan	5.3	5.2	20:00
JN	BOJ Target Rate	Mar	0.75	0.75	
UK	Bank of England Bank Rate	Mar	3.75	3.75	01:00
US	Initial Jobless Claims	14-Mar	215	213	01:30
EC	ECB Deposit Facility Rate	Mar	2	2	02:15
US	New Home Sales	Jan	721.5	745	03:00

Source: Bloomberg

Currencies					Equities					Commodities					
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices			Price (Near futures, except CRB)					
	Last	% Day	Low	High	Last	% Day	Last	% Day	% Year	Last	Net Day				
NZD	0.5834	-0.4	0.5813	0.5873	CHF	0.7909	+0.8	S&P 500	6,666	-0.8	18.7	Oil (Brent)	107.45	+3.9	
AUD	0.7070	-0.5	0.7046	0.7123	SEK	9.347	+0.8	Dow	46,477	-1.1	11.8	Oil (WTI)	96.43	+0.1	
EUR	1.1502	-0.3	1.1491	1.1555	NOK	9.578	-0.0	Nasdaq	22,301	-0.8	27.4	Gold	4889.0	-2.4	
GBP	1.3324	-0.2	1.3303	1.3375	HKD	7.838	+0.0	Stoxx 50	5,737	-0.6	4.6	HRC steel	1009.0	-0.6	
JPY	159.53	+0.3	158.57	159.59	CNY	6.886	+0.0	FTSE	10,305	-0.9	18.4	CRB	364.4	+1.3	
CAD	1.3705	+0.1			SGD	1.281	+0.3	DAX	23,502	-1.0	0.5	Wheat Chic.	616.8	+2.7	
NZD/AUD	0.8252	+0.1			IDR	16,937	-0.4	CAC 40	7,970	-0.1	-1.8	Sugar	14.80	+2.6	
NZD/EUR	0.5072	-0.1			THB	32.65	+1.1	Nikkei	55,239	+2.9	46.3	Cotton	68.70	-0.1	
NZD/GBP	0.4379	-0.2			KRW	1,501	+0.9	Shanghai	4,063	+0.3	18.5	Coffee	292.9	-0.7	
NZD/JPY	93.07	-0.1			TWD	31.85	-0.2	ASX 200	8,641	+0.3	10.4	WM powder	3865	-2.0	
NZD/CAD	0.7995	-0.3			PHP	59.53	-0.5	NZX 50	13,316	+0.0	10.5	<b>Australian Futures</b>			
NZ TWI	66.61	-0.2						VIX Index	23.52	+5.1	+8.4	3 year bond	95.46	0.04	
												10 year bond	95.05	-0.02	
<b>Interest Rates</b>															
Rates		Swap Yields			Benchmark 10 Yr Bonds			NZ Government Bonds			NZ BKBM and Swap Yields				
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day		Last	Chg		Last	Chg			
USD	3.75	4.85	3.53	3.76	USD	4.23	0.03	15-May-28	3.38	-0.09	BKBM 1-mth	2.43	0.00		
AUD	4.10	4.26	4.56	5.02	AUD	4.90	-0.04	20-Apr-29	3.67	-0.09	BKBM 3-mth	2.52	-0.01		
NZD	2.25	2.52	3.27	4.24	NZD	4.60	-0.08	15-May-30	3.90	-0.09	1 year	2.84	-0.03		
EUR	2.00	2.15	2.63	2.97	GER	2.94	0.03	15-May-31	4.10	-0.09	2 year	3.27	-0.05		
GBP	3.75	3.86	3.97	4.27	GBP	4.74	0.04	15-May-32	4.24	-0.09	3 year	3.54	-0.06		
JPY	0.74	-0.03	1.25	2.04	JPY	2.22	-0.06	14-Apr-33	4.33	-0.08	5 year	3.83	-0.06		
CAD	2.25	4.97	2.62	3.17	CAD	3.42	0.04	15-May-34	4.43	-0.08	7 year	4.03	-0.06		
								15-May-35	4.52	-0.08	10 year	4.24	-0.06		
								15-May-36	4.60	-0.08	15 year	4.48	-0.07		
								15-May-37	4.70	-0.08					
								15-May-41	4.93	-0.08	<b>NZ Inflation-Indexed Bonds</b>				
								15-May-51	5.18	-0.08	Sept-30	1.65	-0.03		
								15-May-54	5.20	-0.08	Sept-35	2.43	-0.03		
											Sept-40	2.85	-0.03		
<b>Carbon Price</b>					<b>Policy Meeting Run</b>										
	Level	% Day	% Year		NZD	AUD	USD								
NZU	41.85	+2.1	-30.4		1st	2.26	4.26	3.65							
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					2nd	2.30	4.33	3.65							
Rates are as of: NZT 07:38					3rd	2.37	4.47	3.61							
Source: Bloomberg					4th	2.51	4.52	3.57							
					5th	2.55	4.58	3.53							

**NZD exchange rates**

19/03/2026	7:39 am	Prev. NY close
USD	0.5834	0.5858
GBP	0.4379	0.4386
AUD	0.8252	0.8245
EUR	0.5072	0.5076
JPY	93.07	93.14
CAD	0.7995	0.8020
CHF	0.4614	0.4597
DKK	3.7902	3.7933
FJD	1.2836	1.2906
HKD	4.5728	4.5904
INR	54.04	54.12
NOK	5.5876	5.6121
PKR	162.95	163.66
PHP	34.72	35.03
PGK	2.5114	2.5174
SEK	5.4534	5.4353
SGD	0.7471	0.7477
CNY	4.0167	4.0331
THB	18.89	18.95
TOP	1.3567	1.3735
VUV	69.48	69.92
WST	1.5766	1.5831
XPF	60.44	60.60
ZAR	9.8297	9.7645



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	6.63	6.86
3 Months	19.80	20.28
6 Months	36.35	37.62
9 Months	48.44	50.96
1 Year	55.27	59.29

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	12.73	13.31
3 Months	39.34	40.56
6 Months	78.39	81.76
9 Months	116.95	122.29
1 Year	149.98	159.03

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